

# **Annual Statement of Assurance**

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# **Annual Statement of Assurance**

- ✓ **AR 11-2 states,**  
**“ The head of each reporting organization must submit a statement that provides their assessment of the overall status of the management controls and describes the basis for that determination.”**



# Annual Statement of Assurance

- ✓ **AMC's guidance states,**  
**" The intent of these feeder statements is not to offer up a 'school solution' of reasonable assurance. They must provide an objective assessment of the organization's management controls and identify material weaknesses and plans for their correction ."**



# **Concept of Reasonable Assurance**

- ✓ **Refers to a satisfactory level of management confidence that management controls are in place and are operating as intended.**
- ✓ **It is inherently a management decision.**
  - **Recognizes there are acceptable levels of risk that cannot be avoided because the cost of absolute control would exceed benefits derived.**



# **The Basis for Reasonable Assurance**

- ✓ **The degree to which all managers understand and adhere to the GAO Standards.**
- ✓ **The degree to which we hold managers formally accountable for the effectiveness of their Management Controls and we evaluate their performance in this regard.**
- ✓ **The timeliness, adequacy and results of Management Control evaluations, to include the correction of any Management Control weaknesses we detect.**



# **The Basis for Reasonable Assurance (Continued)**

- ✓ **Considering other sources' assessments (e.g. audits, investigations, and inspections), media coverage, and direct management reviews or assessments by senior officials.**
- ✓ **Supporting statements from assessable unit managers or subordinate commanders and managers.**



# **Annual Assurance Statement Three Possible Forms**

- ✓ **An unqualified statement of assurance:**  
“ I have reasonable assurance that..”
- ✓ **A qualified statement of assurance:**  
“ I have reasonable assurance that...,  
except for...”
- ✓ **A negative statement of assurance:**  
“ I do not have reasonable assurance  
that..”



# **Annual Statement Package**

- ✓ **Memorandum that provides reasonable assurance with exception of material weaknesses (actual statement).**
- ✓ **Four Enclosures**
  - **Enclosure 1 - How Your Assessment was Conducted**
  - **Enclosure 2 - Management Control Evaluations**
  - **Enclosure 3 - New Material Weaknesses**
  - **Enclosure 4 - Prior Year Material Weaknesses**





# **Annual Statement Package (Continued)**

- ✓ **Enclosure 1 - How Your Assessment Was Conducted**
  - **Leadership Emphasis**
    - Memorandums/Policies Issued
    - Senior Management Councils
  - **Management Control Training**
    - Type of training and total number by type. USDA MCA Course, Management Control Primer, PowerPoint Charts
    - Informal Training (Deskside, Telephonic)



# **Annual Statement Package (Continued)**

## **✓ Enclosure 1 - How Your Assessment Was Conducted (Continued)**

### **➤ Execution**

- Assessment Efforts - Highlight most significant efforts to assess effectiveness of management control process and improve its execution .**
- Management Control Evaluations - Mandatory Evaluations, Frequency, Alternative Evaluations**



# **Annual Statement Package (Continued)**

- ✓ **Enclosure 1 - How Your Assessment Was Conducted (Continued)**
  - **Management Control Highlights and Related Accomplishments**
    - **Most Significant Actions**
    - **Title of Accomplishment**
    - **Brief Description of Program or Challenge**
    - **Bullet Statements Describing the Management Control Accomplishment**



# **Annual Statement Package (Continued)**

- ✓ **Enclosure 2 - Management Control Evaluations**
  - **Provide a list of the HQDA key controls completed and certified in FY 07.**
  - **Provide a list of any alternative evaluation processes used in FY 07.**



# **Annual Statement Package (Continued)**

- ✓ **Enclosure 3 - New Material Weaknesses**
  - **Material Weaknesses Identified in FY 07**
- ✓ **Enclosure 4 - Prior Year Material Weaknesses**
  - **Corrected Material Weaknesses - Validations Required**
  - **Uncorrected Material Weaknesses - Provide Completed and Future Milestones and Projected Correction Date**